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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 002777

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DEPARTMENT FOR EAP, EAP/PMBS, EAP/PD, INR/EAP, INR/B

E.O. 12958: DECL: 06/17/2015

TAGS: [PGOV](#) [PREL](#) [PINS](#) [PINR](#) [RP](#)

SUBJECT: ARROYO UNDER PRESSURE TO EXPLAIN TAPES

REF: A. MANILA 2738

[B](#). MANILA 2731

[C](#). MANILA 2730

[D](#). MANILA 2689

Classified By: Political Officer Andrew McClearn for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: The Philippine Congress is planning inquiries into an audiotape that the opposition says implicates President Arroyo in electoral fraud. Arroyo -- defending herself -- has condemned "irresponsible detractors" and her press secretary has announced that she has no plans to appear before committee hearings. The GRP has begun the process of filing charges against the former official who claimed last week that he was the source of the tapes. In another potential blow to Arroyo, her trusted Secretary of Agriculture, Arthur Yap, has been charged with tax evasion. Arroyo is under considerable pressure to explain the tapes, including from supporters who fear that she will lose credibility as questions about her role linger. End Summary.

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Congress Plans Inquiries into Tapes  
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[1](#)2. (C) The Philippine Congress is planning inquiries into an audiotape that the opposition says implicates President Arroyo in electoral fraud (ref B). Although on recess until July 25, House leaders decided to initiate a joint committee investigation into the making of the audiotape, its contents, and the circumstances of its release during a June 15 Executive Committee session. Ronaldo "Ronnie" Puno, a congressman with close Malacanang links, told Acting Polcouns June 15 that "the general idea of the hearings will be to determine whether there are any grounds for impeachment." Puno quickly added that he did not think the President had done anything illegal. The joint committee will be presided over by Representative Gilbert Remulla, who is generally considered an Arroyo ally. Although the list of witnesses is not yet complete, there are reports that Malacanang Press Secretary Ignacio Bunye and National Bureau of Investigation

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(NBI) Director Reynaldo Wycoco will be invited to attend the first hearing on June 21. There are also reports that the joint committee plans to invite the President (see below), First Gentleman Jose Miguel "Mike" Arroyo, and former Commission on Elections (COMELEC) Commissioner Virgilio Garcillano to subsequent hearings.

[1](#)3. (C) Garcillano could be a key witness. He is apparently the person President Arroyo is speaking with in the audiotape, though he has denied his involvement in the matter. For the past several days, he has been out of touch, staying at his residence in Bukidnon, Mindanao, according to sources. Senator Panfilo "Ping" Lacson told Acting Polcouns on June 16 that he thought that Garcillano would be reluctant to appear before the joint committee on a voluntary basis and that a subpoena might have to be issued to ensure his participation. Garcillano's long and controversial history as COMELEC Director in Mindanao has been the subject of intense scrutiny, and many observers have speculated that his testimony could be crucial in the building of a case for or against the President. In light of this, contacts have noted that President Arroyo has a key decision to make on whether to re-appoint Garcillano a COMELEC commissioner since his commission just ended and is up for renewal.

[1](#)4. (C) Calls for action in the Senate came from both opposition and pro-administration senators. Minority leader Sen. Aquilino Pimentel -- who has already called for Arroyo to resign -- asked for an immediate investigation by the National Defense and Security Committee, but Chairman Sen. Rodolfo Biazon has been reluctant to advance the proposal, fearing a "witch-hunt." Pro-Administration Senator Miriam Defensor-Santiago has asked Arroyo to call a special session of Congress, and influential senators, Franklin Drilon (the Senate President) and Manuel "Mar" Roxas, have publicly indicated their basic agreement on the need for a Senate inquiry. In his meeting with Acting Polcouns, Lacson said he believed there would be a Senate hearing "sooner rather than later," although he felt that pro-Administration senators --

who are in the majority -- might act "to protect" the president and "not let the whole truth come out." (Note: The House and Senate are also looking into accusations that members of the First Family, though not the President herself, were involved in profit-taking from illegal gambling. Further hearings are planned and various GRP agencies are investigating the charges.)

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Presidential Reaction  
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15. (C) Stepping into the fray, Arroyo condemned what she called "irresponsible detractors" in a June 16 speech. Arroyo also railed against what she called "destabilizers," attacking them for going "too far this time." She insisted that her administration was making progress in moving its reform platform forward and that the economy was making gains. Arroyo said she would continue to focus on her agenda despite the criticism she is under. Also, on June 16, Malacanang Press Secretary Bunye announced that the President had no intention of appearing before any Congressional hearings. Bunye also indicated that the President had no plans to address the tape issue in a specific manner, asserting that there was no reason for her to do so as no one had shown that she was involved in any improprieties. Puno told Acting Polcouns, however, that the President was considering making a speech on national TV in the near future meant to rebut charges that she was involved in electoral fraud.

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Charges Filed Against Former Official  
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16. (SBU) The GRP has begun the process of filing charges against the former official who claimed last week on live TV that he was the source of the tapes. On June 13, The NBI recommended that the Department of Justice (DOJ) file charges against former NBI deputy director Samuel Ong, asserting that Ong's intention was "to incite" citizens to rise up against the President and force her to resign. Ong remains at large at this time -- the DOJ panel investigating the case has yet to file formal charges and issue an arrest warrant.

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Agriculture Secretary Charged  
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17. (SBU) In another potential blow to Arroyo, her trusted Secretary of Agriculture, Arthur Yap, has been charged with

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tax evasion. The Ombudsman's Office has confirmed press reports that Yap, 39, -- who is close to Mike Arroyo and was once a top student of the President's when she taught at the Ateneo de Manila University -- and his father were charged this week with non-payment of USD 72,000 in taxes in 1997-98. The taxes were generated from a real estate transaction that Yap and his father were involved in during the 1990s. Secretary Cesar Purisima of the Department of Finance, which

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oversees the Bureau of Internal Revenue (BIR), the body that filed the charges, publicly stated: "There are no sacred cows in our campaign against tax evasion." For his part, Secretary Yap -- who does not have a "Mr. Clean" reputation

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-- has heatedly denied the charges, while Malacanang has said it will not interfere in the matter and supports a full inquiry.

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Comment  
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18. (C) Arroyo is under considerable pressure to explain the tapes, which are quickly becoming the stuff of popular legend in the Philippines. Despite GRP warnings that the tapes and their reproduction are illegal, audio versions are now widely circulating on the internet and freely sold on street corners. Snippets of the tapes featuring what certainly seems to be the President's voice have even been re-mixed with music to make what is becoming a very popular ring tone for cell phones. Providing an opposition perspective, Sen. Lacson says the President has a conundrum in discussing the tapes: "If she admits it's her voice, then she has to resign (because she is discussing electoral fraud). If she denies it, she's lying." Supporters of the President believe that the opposition is exaggerating the situation, and that the President simply needs to explain whether or not it is her voice and, if so, what she is saying. Supporters add, however, -- and most observers would agree -- that she has to take steps to address the matter one way or the other because her credibility is at stake.

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